

6-2014

# State of Nonprofits Annual Report: 2014

Mary Jo Schumann

*Caster Family Center for Nonprofit and Philanthropic Research, University of San Diego*

Jennifer Amanda Jones

*Caster Family Center for Nonprofit and Philanthropic Research, University of San Diego*

Kim Hunt

*Caster Family Center for Nonprofit and Philanthropic Research, University of San Diego*

Christina Mitchell

*Caster Family Center for Nonprofit and Philanthropic Research, University of San Diego*

Svetlana Krasynska

*Caster Family Center for Nonprofit and Philanthropic Research, University of San Diego*

*See next page for additional authors*

Follow this and additional works at: <http://digital.sandiego.edu/npf-stateofnp>



Part of the [Nonprofit Administration and Management Commons](#)

## Digital USD Citation

Schumann, Mary Jo; Jones, Jennifer Amanda; Hunt, Kim; Mitchell, Christina; Krasynska, Svetlana; and Deitrick, Laura, "State of Nonprofits Annual Report: 2014" (2014). *State of Nonprofits*. 2.

<http://digital.sandiego.edu/npf-stateofnp/2>

This Report is brought to you for free and open access by the The Nonprofit Institute at Digital USD. It has been accepted for inclusion in State of Nonprofits by an authorized administrator of Digital USD. For more information, please contact [digital@sandiego.edu](mailto:digital@sandiego.edu).

---

**Authors**

Mary Jo Schumann, Jennifer Amanda Jones, Kim Hunt, Christina Mitchell, Svetlana Krasynska, and Laura Deitrick

**2014** ANNUAL REPORT

# **STATE OF NONPROFITS**

## IN SAN DIEGO

Presented by the  
**Caster Family Center for  
Nonprofit and Philanthropic Research**

JUNE 2014



**University of San Diego**

**SCHOOL OF LEADERSHIP AND EDUCATION SCIENCES**

*Caster Family Center for Nonprofit and Philanthropic Research*



## RESEARCH TEAM

**Mary Jo Schumann Ph.D.**  
*Associate Director*

**Jennifer Amanda Jones M.A.**  
*Research Associate*

**Kim Hunt M.A.**  
*Research Assistant*

**Christina Mitchell M.A.**  
*Research Assistant*

**Svetlana Krasynska M.A.**  
*Research Assistant*

**Laura Deitrick Ph.D.**  
*Director*

Copyright © 2014

Caster Family Center for Nonprofit  
and Philanthropic Research  
School of Leadership and Education Sciences  
**University of San Diego**

All Rights Reserved

**[www.sandiego.edu/npresearch](http://www.sandiego.edu/npresearch)**

### CITE AS:

Schumann, M.J., Jones, J.A., Hunt, K., Mitchell, C.,  
Krasynska, S., and Deitrick, L. (2014). Annual Report:  
State of Nonprofits in San Diego. San Diego, CA: Caster  
Family Center for Nonprofit and Philanthropic Research,  
University of San Diego.

### REPORT DESIGN

This report and the State  
of Nonprofits Quarterly  
Index was designed by:

*The Design Stylist*

THEDESIGNSTYLIST.COM

## TABLE OF CONTENTS

INTRODUCTION AND KEY FINDINGS	4
QUICK FACTS ABOUT SAN DIEGO'S NONPROFIT SECTOR	
Number of Nonprofits in San Diego	6
Nonprofit Revenue Sources	7
Financial Capacity and Economic Impact of San Diego Nonprofits	8
Nonprofit Employment	10
DATA FROM THE FIELD: 2011 THROUGH 2013	
The State of Nonprofits Quarterly Index	12
Findings Q2 2011 to Q4 2013	
Public Confidence	13
Individual Giving	14
Volunteerism	15
Demand for Services	16
Employment	17
TREND REPORTERS:	
PERSPECTIVES FROM SAN DIEGO NONPROFIT LEADERS	18
CONCLUSION	22
2013 TREND REPORTERS	23



## INTRODUCTION AND KEY FINDINGS

**For the second consecutive year, the State of Nonprofits Annual Report chronicles the capacity, contributions, and overall economic health and well-being of the San Diego nonprofit sector over time.**

It also documents the current state of the nonprofit sector in San Diego County based on perspectives of local nonprofit leaders in 2013.

The findings presented in this report are a culmination of various sources and represent different perspectives. Together, they help tell the story of the nonprofit sector in San Diego County (subsequently referred to as San Diego).

## WHAT WAS HAPPENING DURING 2013

### *In San Diego*

- Mayor's resignation following sexual harassment allegations
- Turnover of leadership in several high-profile nonprofits
- Shift in funding availability and priorities

### *In U.S.*

- Federal government shutdown and ensuing furlough
- Roll-out of the Affordable Care Act
- Proposal of higher minimum wage in several states
- Increase in federal regulations
- Shift in funding availability and priorities

# MAJOR THEMES

- 1 *Overall Economic Health of San Diego Nonprofits is Improving*
- 2 *Nonprofits are Continuing to Hire*
- 3 *Demand for Services is Shifting*
- 4 *Landscape of Giving and Volunteering is in Flux*

5

STATE OF NONPROFITS • 2014 ANNUAL REPORT

## HOW NONPROFIT LEADERS ARE RESPONDING



*Redesigning*  
internal  
operations



*Focusing*  
on staff  
development



*Improving*  
measurement and  
communication of  
outcomes



*Enhancing*  
donor engagement  
through  
social media



*Engaging*  
in more strategic  
collaboration

## SAN DIEGO NONPROFITS: BY THE NUMBERS

**9,364**<sup>1</sup> **TOTAL 501(C)(3) NONPROFITS**  
in San Diego

**3,700**<sup>2</sup> **NONPROFITS >\$50K**  
that file IRS Form 990 or 990-EZ

GENERATED  
**\$5.20B**  
in Wages

**2,140**<sup>3</sup> **NONPROFITS**  
with Paid Employees

**241**<sup>3</sup> **NONPROFITS WITH**  
>50 Paid Employees

ACCOUNT FOR:

**\$19.77B**  
in Total Assets

**\$13.77B**  
in Total Revenue

**\$12.52B**  
in Total Expenses

<sup>1</sup> Data Source: National Center for Charitable Statistics, Urban Institute, Business Master Files, 1995-2013

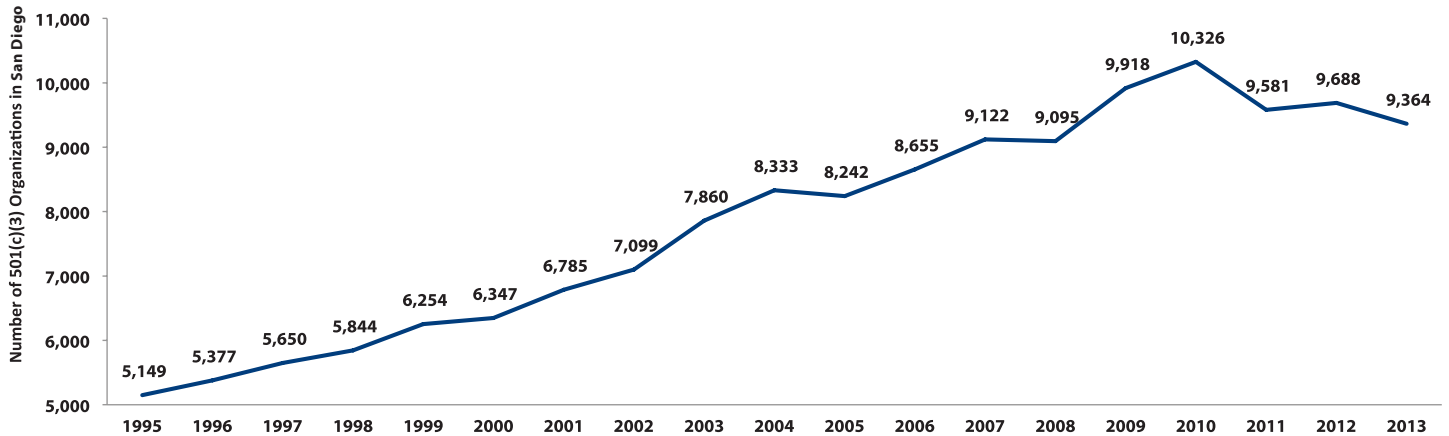
<sup>2</sup> Data Source: National Center for Charitable Statistics, Urban Institute, Core Files 2011

<sup>3</sup> Data Source: California Economic Development Department

# Number of Nonprofits in San Diego

This report focuses on 501(c)(3) organizations (including public charities and foundations) in San Diego, which make up 82% of all 501(c) organizations.

**FIGURE 1**  
**GROWTH OF SAN DIEGO NONPROFITS**  
Number of 501(c)(3) Organizations in San Diego, 1995-2013



Data Source: National Center for Charitable Statistics, Urban Institute, Business Master Files, 1995-2013



The total number of nonprofits in San Diego was on the rise from 1995, and peaked in 2010. Since then, there has been a decline in the number of nonprofits; there were 9% fewer in 2013 (n=9,364) than in 2010 (n=10,326).

**FIGURE 2**  
**501(C)(3) ORGANIZATIONS BY SUBSECTOR**  
Number and Percentage of San Diego Nonprofits in Each Subsector

International (n=223)	2%
Health (n=419)	4%
Environment and Animals (n=618)	7%
Arts and Culture (n=880)	9%
Education (n=1,493)	16%
Mutual, Public, and Societal Benefit* (n=1,562)	17%
Human Services (n=2,011)	22%
Religion (n=2,158)	23%

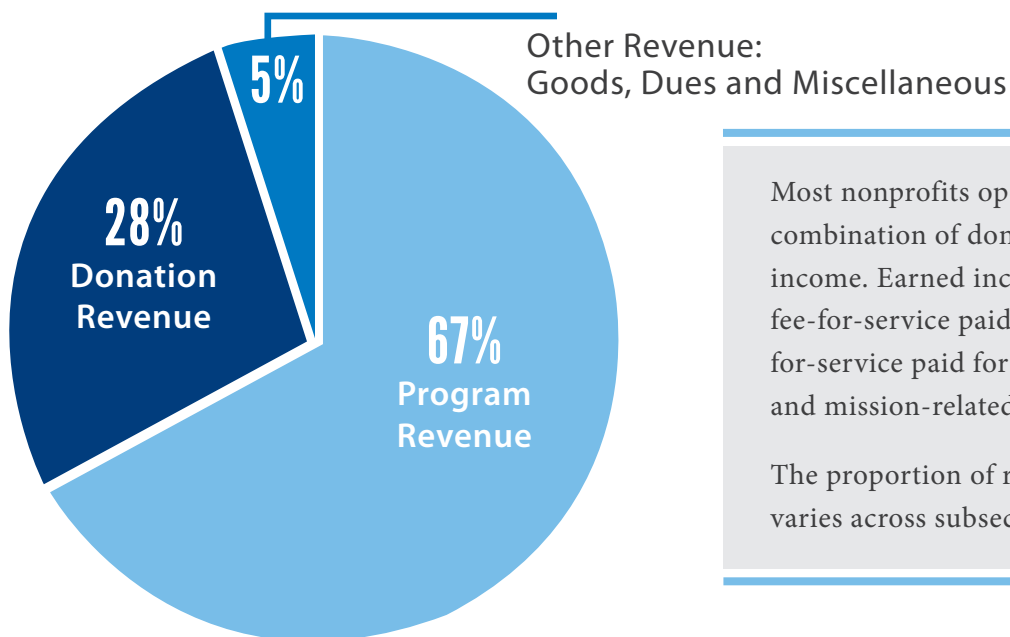
Data Source: National Center for Charitable Statistics, Urban Institute, 2013 Business Master Files

\* Mutual, Public, and Societal Benefit organizations include many different types of nonprofits such as professional associations, citizen participation groups, civil rights organizations, and economic development and neighborhood improvement associations.

Note: Hospitals and Higher Education institutions are included in the Health and Education sectors, respectively.



**FIGURE 3**  
**NONPROFIT REVENUES**  
Percentage of San Diego Nonprofit Revenues



Most nonprofits operate using a combination of donations and earned income. Earned income includes: fee-for-service paid for by clients, fee-for-service paid for by government, and mission-related business.

The proportion of revenue sources varies across subsectors.

Data Source: National Center for Charitable Statistics, Urban Institute, 2011 Core Files

**TABLE 1**  
**NONPROFIT REVENUE SOURCE BY SUBSECTOR**  
Total Revenue and Percentages of Revenue Sources in Each Subsector

Subsector	Number of Filers	Percentage of NPOs	Total Revenue	Percentage of Revenue	Percentage of Program Revenue	Percentage of Donations Revenue	Percentage of Other Revenue
Arts and Culture	428	12%	\$262,744,584	2%	43%	46%	11%
Higher Education	19	1%	\$784,586,671	6%	86%	7%	7%
Education	742	20%	\$1,148,322,576	8%	38%	57%	5%
Hospitals	12	0.3%	\$6,183,793,832	45%	95%	4%	1%
Environment and Animals	188	5%	\$412,441,346	3%	59%	33%	8%
Health	347	9%	\$1,966,731,324	14%	42%	52%	6%
Human Services	1,119	30%	\$1,869,063,429	14%	44%	51%	6%
International	119	3%	\$161,327,986	1%	8%	82%	10%
Mutual, Public, and Societal Benefit	443	12%	\$871,578,434	6%	30%	55%	15%
Religion	283	8%	\$105,791,127	1%	17%	78%	5%
<b>TOTAL</b>	<b>3,700</b>	<b>100%</b>	<b>\$13,766,381,309</b>	<b>100%</b>	<b>67%</b>	<b>28%</b>	<b>5%</b>

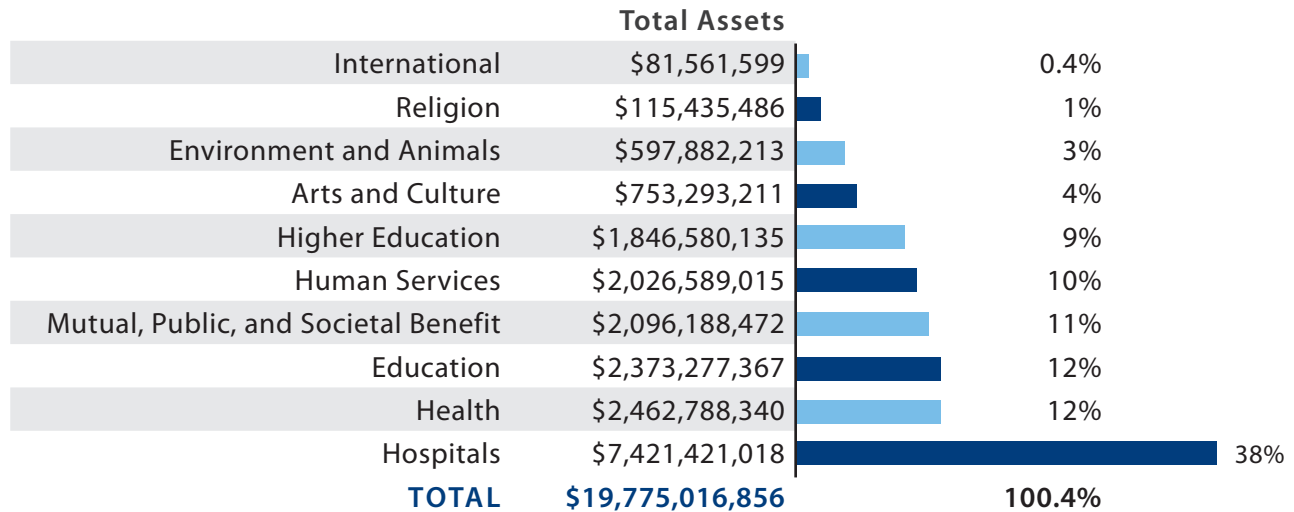
Data Source: National Center for Charitable Statistics, Urban Institute, 2011 Core Files

# Financial Capacity and Economic Impact of San Diego Nonprofits

FIGURE 4

## NONPROFIT ASSETS

Percentage of Total San Diego Nonprofit Assets in Each Subsector



Data Source: National Center for Charitable Statistics, Urban Institute, 2011 Core Files



Hospitals account for more than \$7B in assets, constituting the highest percentage (38%) of total nonprofit assets in San Diego.

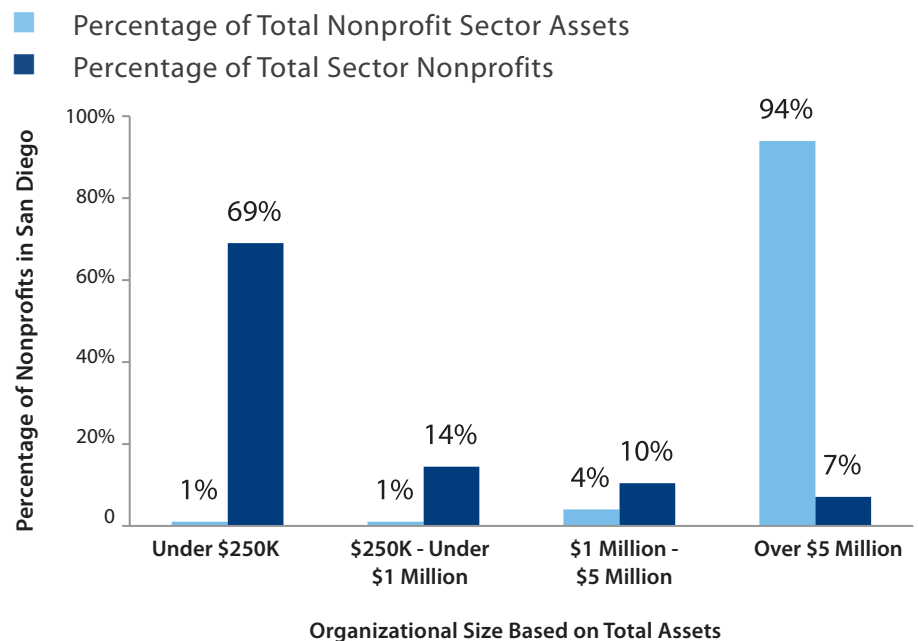


Despite having the most nonprofits, the Religion and Human Services subsectors account for a small percentage of total nonprofit assets in San Diego.

FIGURE 5

## RELATIONSHIP BETWEEN NUMBER OF NONPROFITS, ASSETS, AND FIRM SIZE

Percentage of San Diego Nonprofits



More than two-thirds of San Diego nonprofits are small, with 69% holding assets under \$250,000.

Although only 7% of San Diego nonprofits are considered large (i.e., having \$5M+ in total assets), these large organizations hold almost all (94%) of the sector's total assets.

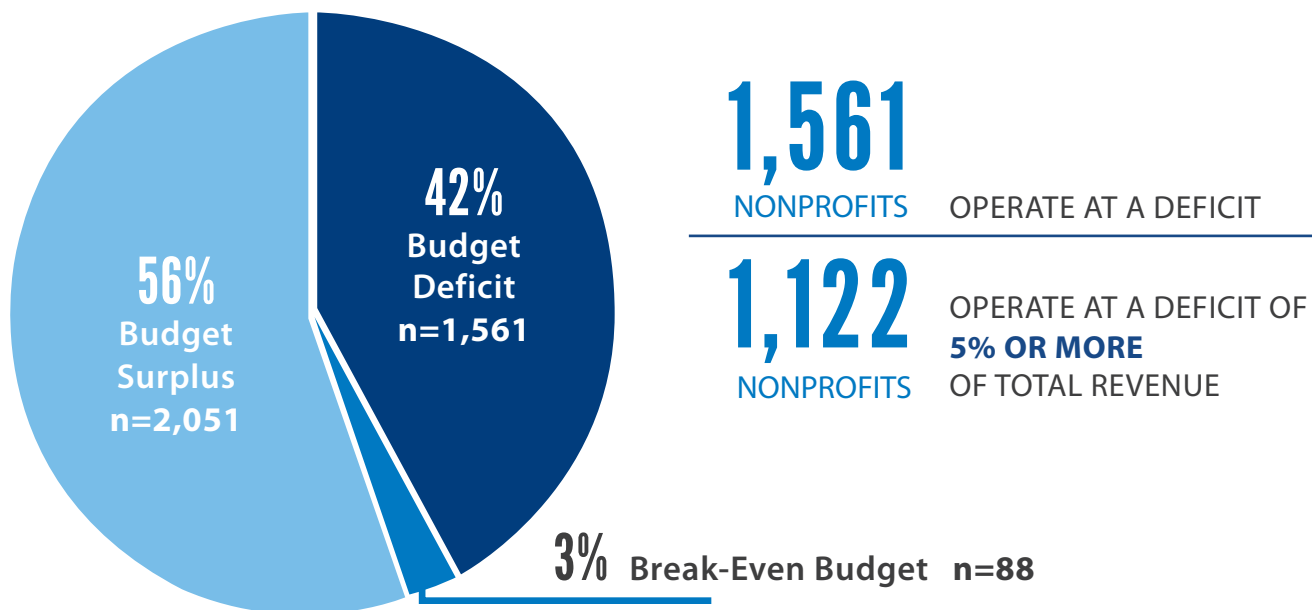
This pattern mirrors the nonprofit sector in the State of California and nationally.

Data Source: National Center for Charitable Statistics, Urban Institute, 2011 Core Files

FIGURE 6

## FINANCIAL STABILITY OF SAN DIEGO NONPROFITS: REVENUE MINUS EXPENSES

Number and Percentage of San Diego Nonprofits



Data Source: National Center for Charitable Statistics, Urban Institute, 2011 Core Files

TABLE 2

## COMPARISON OF NONPROFIT REVENUE AND EXPENSES

San Diego vs. California

	San Diego	California
Total Nonprofit Revenue	\$13,766,381,309	\$150,255,420,136
Total Nonprofit Expenses	\$12,524,382,643	\$139,625,999,046
Total Population	3,211,252	38,332,521
Nonprofit Expenditures Per Capita	\$3,900	\$3,642
Nonprofit Median Revenue	\$99,661	\$108,750
Nonprofit Median Expenses	\$93,788	\$104,104
<b>Total Number of Nonprofit Organizations</b>	<b>3,700</b>	<b>44,699</b>

Data Source: National Center for Charitable Statistics, Urban Institute, Core Files 2011; 2013 US Census

Based on 3,700 nonprofits that file IRS Form 990 or Form 990-EZ. Does not include private foundations or nonprofit charities filing Form 990-N (e-postcard).



Compared to California, San Diego has a higher level of nonprofit expenditures per capita.



Median levels for both nonprofit revenue and expenses, however, are lower for San Diego than they are for California.

TABLE 3

## SAN DIEGO NONPROFIT EMPLOYMENT AND WAGES BY NONPROFIT SIZE – 2008 to 2012

Total Number and Percent Change of Nonprofits, Employees, and Wages from 2008 to 2012

Firm Size	NUMBER OF ESTABLISHMENTS			TOTAL EMPLOYMENT			TOTAL WAGES		
	2008	2012	Percent Change	2008	2012	Percent Change	2008	2012	Change in Wages
0 - 4	602	807	34%	1,262	1,571	25%	\$43,229,882	\$63,985,266	\$20,755,384
5 - 9	370	444	20%	2,512	3,018	20%	\$71,057,089	\$98,087,371	\$27,030,282
10-19	300	347	16%	4,103	4,672	14%	\$127,422,607	\$165,067,451	\$37,644,844
20 - 49	242	301	24%	7,371	9,357	27%	\$255,912,505	\$352,556,503	\$96,643,998
50 - 99	88	99	13%	6,113	6,866	12%	\$207,407,635	\$256,177,556	\$48,769,921
100 - 249	88	91	3%	14,079	14,568	4%	\$480,153,953	\$547,756,073	\$67,602,120
250 - 499	15	26	73%	4,987	8,370	68%	\$189,388,911	\$337,159,306	\$147,770,395
500 - 999	11	12	9%	7,505	8,277	10%	\$259,031,319	\$394,613,725	\$135,582,406
1,000 +	12	13	8%	24,727	46,635	89%	\$1,321,561,726	\$2,980,538,700	\$1,658,976,974
Total	1,728	2,140	24%	72,658	103,333	42%	\$2,955,165,627	\$5,195,941,951	\$2,240,776,324

Data Source: California Employment Development Department

**23%**

of San Diego nonprofits have paid employees

**59%**

of those organizations have less than ten employees



### IN SAN DIEGO

**2,140**

NONPROFITS WITH PAID EMPLOYEES

**13**

OF THEM HAVE MORE THAN **1,000** EMPLOYEES

THESE 13 NONPROFITS GENERATE

**57%**

OF TOTAL NONPROFIT WAGES

### THERE WAS HEALTHY GROWTH IN SAN DIEGO NONPROFITS OF ALL SIZES FROM 2008 TO 2012:

- ▶ 24% increase in the total number of nonprofits with employees
- ▶ 42% increase in the total number of nonprofit employees
- ▶ Total wages almost doubled in four years, increasing by more than \$2B to a total of more than \$5B in wages in 2012



TABLE 4

## SAN DIEGO NONPROFIT EMPLOYMENT AND WAGES BY SUBSECTOR – 2008 to 2012

Total Number and Percent Change of Nonprofits, Employees, and Wages from 2008 to 2012\*

Subsector	NONPROFIT ORGANIZATIONS			EMPLOYEES			TOTAL WAGES		
	2008	2012	2008 v. 2012	2008	2012	2008 v. 2012	2008	2012	2008 v. 2012
	Average Number of NPOs	Average Number of NPOs	Percent Change	Average Number of Employees	Average Number of Employees	Percent Change	Total Wages	Total Wages	Change in Wages
Arts and Culture	133	155	17%	2,541	2,537	-0.2%	\$77,574,415	\$82,357,343	\$4,782,928
Higher Education***	30	48	66%	4,941	27,064	448%	\$203,620,812	\$1,762,785,389	\$1,559,164,577
Education, Other	150	237	61%	7,551	8,999	2%	\$269,200,946	\$338,470,279	\$69,269,333
Hospitals	67	87	26%	18,826	21,153	12%	\$1,109,374,720	\$1,393,807,685	\$284,432,965
Environment	50	70	49%	2,975	3,177	7%	\$94,179,801	\$117,602,864	\$23,423,063
Health, Other	368	456	26%	11,673	13,672	17%	\$489,771,861	\$657,073,440	\$167,301,579
Human Services	729	804	10%	19,951	22,342	12%	\$523,226,215	\$618,500,774	\$95,274,559
International	25	41	64%	314	341	9%	\$14,319,020	\$17,351,397	\$3,032,377
Mutual, Public, and Societal Benefit**	133	178	34%	3,221	3,159	-2%	\$152,315,991	\$177,130,032	\$24,814,041
Religion	43	64	56%	401	534	33%	\$12,252,139	\$19,689,442	\$7,437,303
<b>Total</b>	<b>1,728</b>	<b>2,140</b>	<b>24%</b>	<b>72,394</b>	<b>102,978</b>	<b>44%</b>	<b>\$2,955,165,627</b>	<b>\$5,195,941,951</b>	<b>\$2,240,776,324</b>

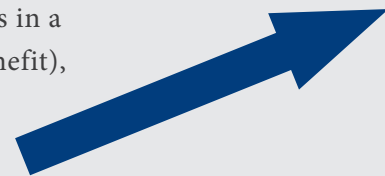
Data Source: California Employment Development Department

\* These yearly totals are taken from the average of the four quarters for the year.

\*\*Excludes confidential employment and wage data. Therefore, some totals in Table 4 do not match the totals in Table 3.

\*\*\*Much of the growth in higher education wages came from the addition of a small number of institutions in 2012. These institutions have existed since at least 1990, and filed with the EDD under their California employer account number; however, their federal identification number wasn't officially on record with the EDD until second quarter of 2009. Therefore, they were not included in the 2008 nonprofit wage data reported here. For confidentiality reasons, no specific data on these institutions was available.

Other than a minimal decline in the average number of employees in a few subsectors (Arts and Culture; Mutual, Public and Societal Benefit), there was growth in every other subsector.



## NONPROFIT EMPLOYMENT IN SAN DIEGO SHOWED MUCH GROWTH IN FOUR YEARS

- ▶ More than 30,000 additional employees
- ▶ More than \$2.2B in additional wages, most of which was in Higher Education

# THE STATE OF NONPROFITS QUARTERLY INDEX

## OVERVIEW

In December 2011, the Caster Center launched the State of Nonprofits Quarterly Index (SONP Index), the only index of its kind, designed to monitor the economic health of nonprofit organizations in San Diego County. The SONP Index is published quarterly, and tracks six distinct indicators that have a direct impact on San Diego nonprofits. The findings presented in this report represent the culmination of 11 quarters of data collected to date.

A detailed, systematic data collection and analysis process is used to generate each of the index components. A complete description of the SONP Index components and research methodology can be found online at [www.stateofnonprofits.org](http://www.stateofnonprofits.org).

Below is a brief description of each data source.

## DATA SOURCES

### CASTER CENTER QUARTERLY INDIVIDUAL GIVING AND VOLUNTEERING SURVEY

The Individual Giving and Volunteering Survey is administered online, on a quarterly basis, to a panel of San Diego County residents. Data is collected by Luth Research and approximately 500 panelists participate each quarter. The survey includes questions about public confidence in the local nonprofit sector, as well as household-level giving and volunteering. To generate the public confidence figures, data are weighted by race and ethnicity to more accurately represent San Diego's population.

### 2-1-1 SAN DIEGO CALL DATA

The Demand for Services component of the SONP Index originates from 2-1-1 San Diego call data that includes approximately 40,000 calls per quarter that indicate individuals' expressed needs for a variety of social services. The three areas of basic needs analyzed for this index include Food, Housing/Shelter, and Income Support/Employment.

### TREND REPORTERS SURVEY

The Caster Center's Trend Reporters are a select group of San Diego nonprofit leaders who volunteer to participate in the SONP Index's CEO/ED online survey, which is administered quarterly. Trend Reporters also complete an annual online survey pertaining to Human Resources and Finance. The number of Trend Reporters varies each year, and this report summarizes survey data from 78 active Trend Reporters.

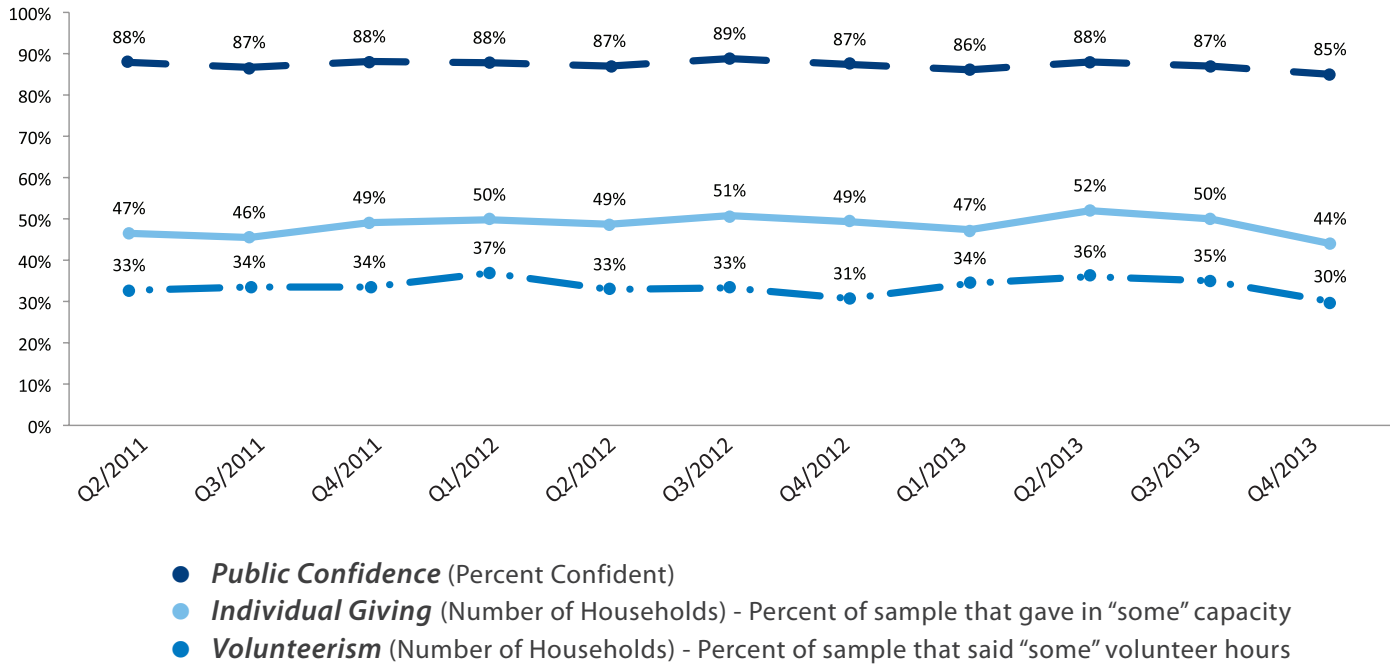
### NONPROFIT JOB POSTINGS

This component of the SONP Index involves calculating and tracking the number of San Diego nonprofit job postings each quarter. Nonprofit job postings are collected from [www.npworks.org](http://www.npworks.org), a job postings site hosted by Nonprofit Management Solutions.

### SAN DIEGO COUNTY UNEMPLOYMENT

Unemployment data for the SONP Index originate from the California Employment Development Department's (EDD) San Diego County Unemployment statistics. These figures are not exclusive to nonprofits.

**FIGURE 7**  
**COMPARISON OF THREE SONP INDEX COMPONENTS OVER TIME**  
Confidence, Individual Giving, and Volunteerism



Data Source: Caster Center Quarterly Individual Giving and Volunteering Survey, Quarter 2 2011 through Quarter 4 2013



## PUBLIC CONFIDENCE

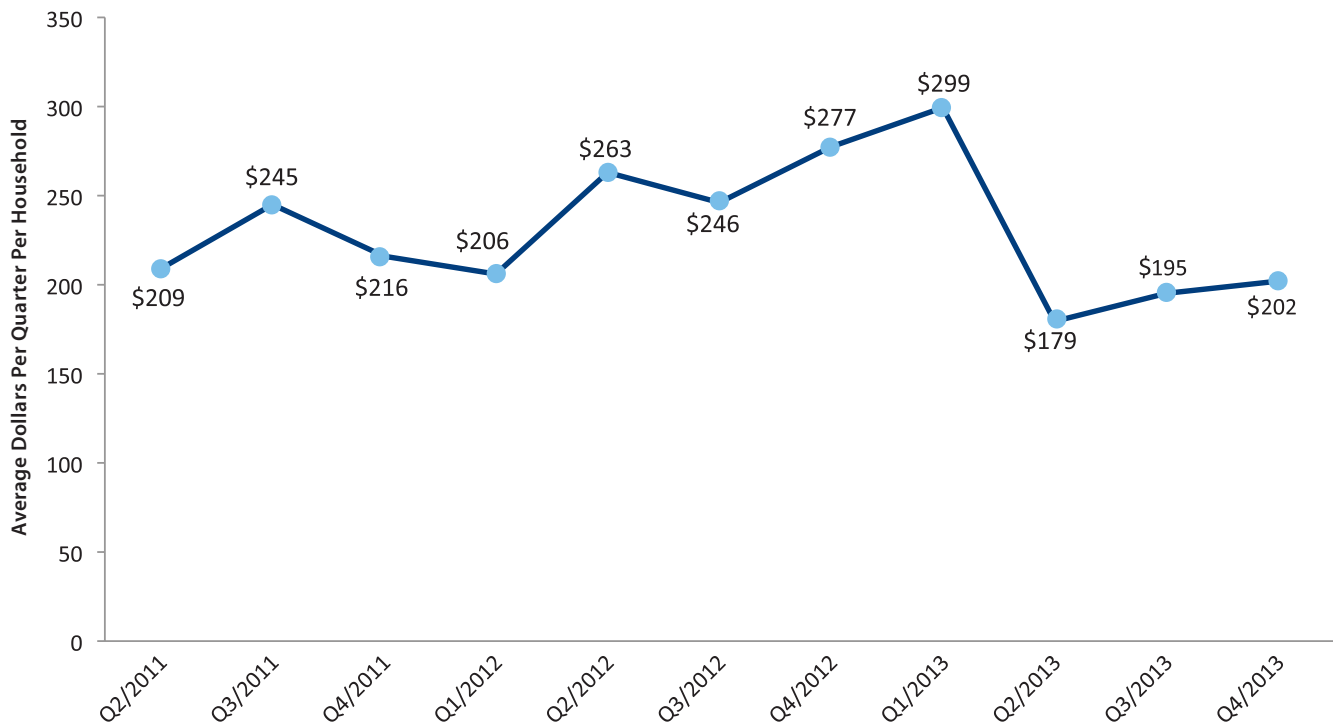
*Confidence in the nonprofit sector is unwavering; in every quarter over the last three years, 85% to 89% of San Diego respondents expressed confidence in San Diego nonprofits.*

Public confidence is very important to the nonprofit sector, and it has remained quite stable for San Diego nonprofits over the past three years. In all 11 quarters, at least eight out of ten respondents said they had a fair or great deal of confidence in San Diego nonprofits — ranging from a high of 89 percent in Q3 2012 to a low of 85 percent in Q4 2013 (see Figure 7).

**PUBLIC  
CONFIDENCE**

# State of Nonprofits Index Findings Q2 2011 to Q4 2013

**FIGURE 8 | INDIVIDUAL GIVING TRENDS OVER TIME**  
Average Dollars per Quarter per Household



Data Source: Caster Center Quarterly Individual Giving and Volunteering Survey, Quarter 2 2011 through Quarter 4 2013

## INDIVIDUAL GIVING

*Approximately one-half of San Diego households made monetary contributions to a nonprofit, and they gave an average of approximately \$1,000 per year.*

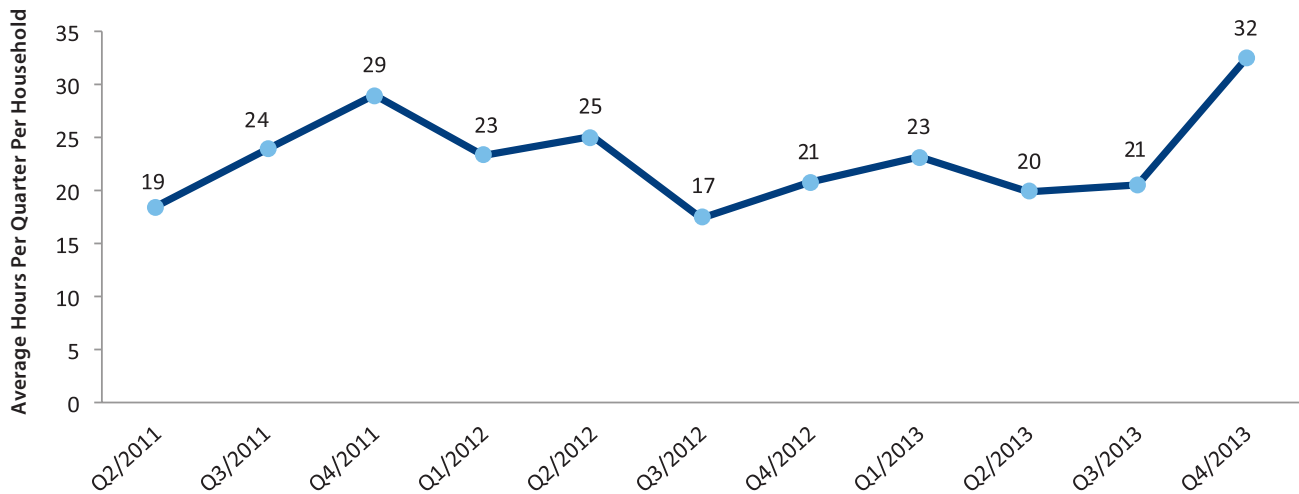
As Figure 7 shows, there have been relatively small fluctuations over the last 11 quarters in the percentage of San Diego households that reported giving in any capacity. The level of giving ranged from a high of 52 percent in Q2 2013 to a low of 44 percent in Q4 2013. Figure 8 demonstrates that of those households who gave, the average quarterly amount given ranged from a high of \$299 in Q1 2013 to a low of \$179 in Q2 2013.



## INDIVIDUAL GIVING



**FIGURE 9 | VOLUNTEERING TRENDS OVER TIME**  
Average Hours per Quarter per Household



Data Source: Caster Center Quarterly Individual Giving and Volunteering Survey, Quarter 2 2011 through Quarter 4 2013



## VOLUNTEERISM

*Volunteerism continues to fluctuate over time, yet shows upward trends in the third and fourth quarters of most years.*

*More San Diegans donate their treasure than their time.*

## VOLUNTEERISM

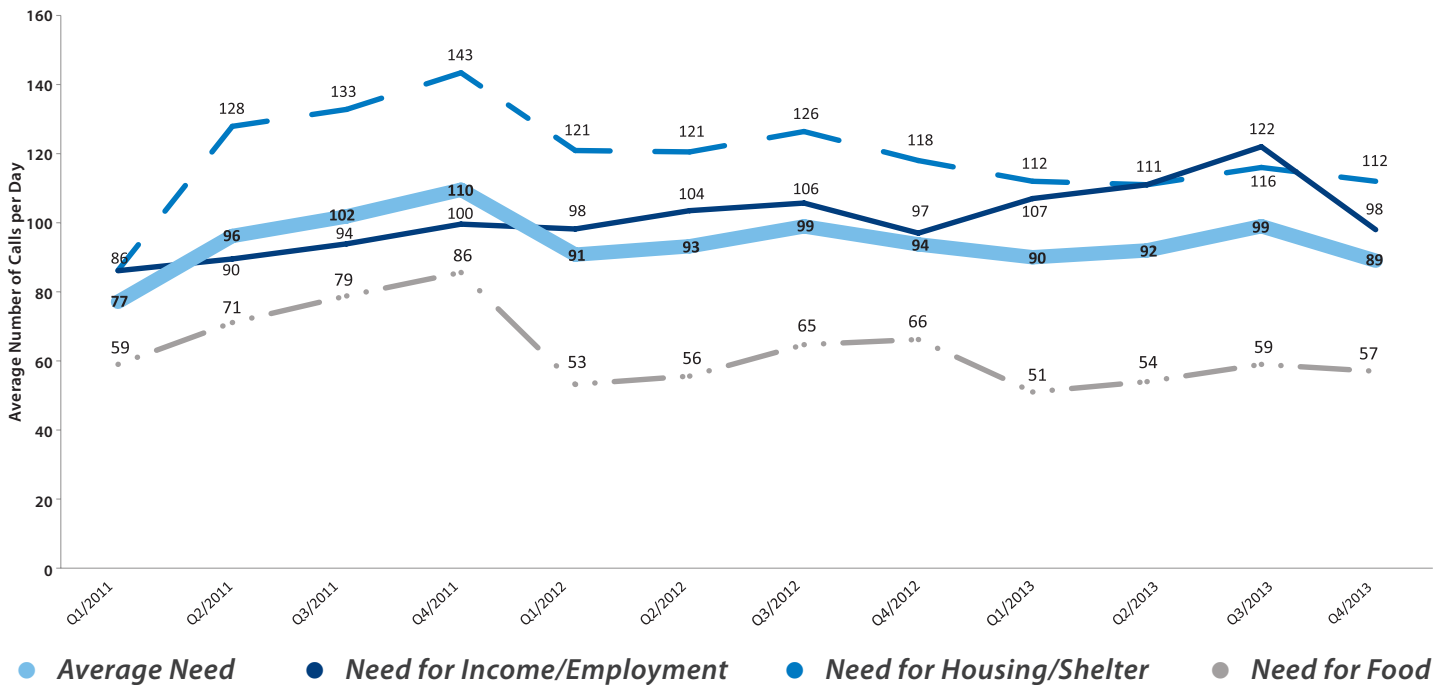
As can be seen in Figure 7, the percentage of San Diego households who volunteered any amount ranged from a high of 37% in Q1 2012 to an all-time low of 30% in Q4 2013.

However, as indicated in Figure 9, the average number of hours spent volunteering per household was at an **all-time high** in Q4 2013 — 32 hours per quarter — almost twice as many as the **17-hour low** in Q3 2012.

FIGURE 10

## QUARTERLY DEMAND FOR SERVICES OVER TIME

Average Number of Calls (Expressed Need) Per Day For All Three Types of Basic Needs



Data Source: 2-1-1 San Diego Call Data, Quarter 3 2010 through Q4 2013

## DEMAND FOR SERVICES

*After a steady rise in the need for income support and employment over the past three years, there was a big decline in Q4 2013 – almost to the level it was in 2011.*

The SONP Index tracks three specific areas of need: Income Support/Employment, Housing/Shelter, and Food to approximate demand for nonprofit services. The number of calls to 2-1-1 San Diego for each of the three areas of need over the past three years is shown in Figure 10.<sup>5</sup> Also shown is the average of the three areas of need, which is what is tracked and presented in the SONP Index summary every quarter ([www.stateofnonprofits.org](http://www.stateofnonprofits.org)).

These data are somewhat conflicting with Trend Reporter data (see page 19) that indicate demand for services is increasing. Looking at both Trend Reporter and 2-1-1 call data combined, it appears that actual demand for services experienced by the nonprofit sector may be shifting away from the critical needs captured in this component of the index and characteristic of the recession. Instead, these demand for services are returning to a new, post-recession norm.



## DEMAND FOR SERVICES

*Demand for services for each type of basic needs tells a slightly different story.*

<sup>5</sup> Note that 2-1-1 San Diego call data may be sensitive to seasonal fluctuations in need, caller differences in familiarity with the County's needs-based distribution system, and internal operator knowledge of available resources. Despite these complexities, 2-1-1 San Diego call data remains one of the most valuable publicly available indicators of expressed need in San Diego.

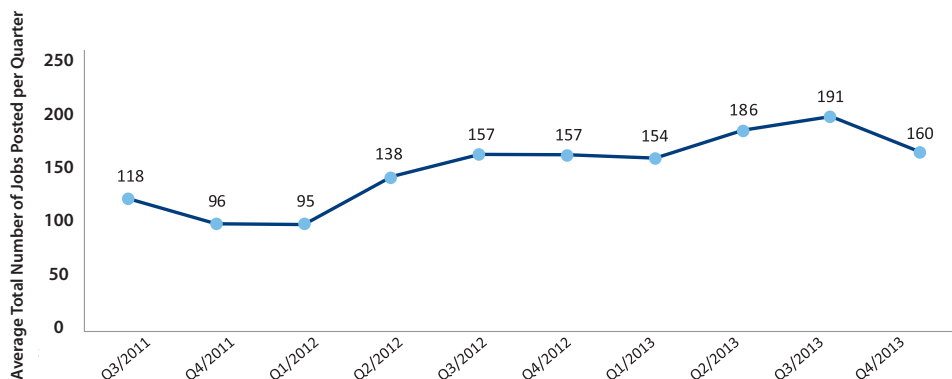
## EMPLOYMENT: NONPROFIT JOB POSTINGS

*San Diego nonprofit job growth slows in Q4 2013 after steady increases.*

FIGURE 11

### NONPROFIT JOB POSTINGS OVER TIME

Average Number of Nonprofit Jobs Posted by www.npworks.org



Data Source: Nonprofit Management Solutions, www.npworks.org. Updated July 2014

As can be seen in Figure 11, San Diego nonprofit employment has shown a **steady increase** since Q1 2012, with a large spike of **191 average postings** in Q3 2013. Compared to two years ago, the average number of nonprofit jobs has increased by at least 50%. This trend of increases shows great promise for nonprofits and the overall economy in San Diego.

## SAN DIEGO UNEMPLOYMENT

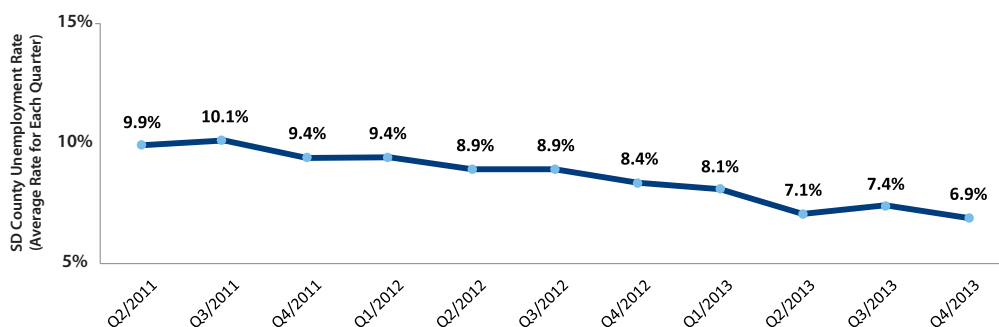
*San Diego unemployment rate continues to decline.*

*This mimics national unemployment statistics.*

FIGURE 12

### SAN DIEGO UNEMPLOYMENT RATE OVER TIME

Average Rate of Unemployment



Data Source: California Employment Development Department

EMPLOYMENT

## TREND REPORTERS: PERSPECTIVES FROM SAN DIEGO NONPROFIT LEADERS



Another component of this ongoing study is to survey San Diego Executive Directors and CEOs (referred to as Trend Reporters) in order to collect specific quantitative data about their organizations, as well as qualitative information about the trends they observe in San Diego's nonprofit sector. Trend Reporters in this report represent 78 San Diego-based nonprofit organizations,<sup>6</sup> with collectively more than \$1.1 billion in assets and \$1.1 billion in annual revenue — accounting for approximately nine percent of all 501(c)(3) revenue in San Diego. The nonprofits are mostly medium to large sized organizations and they represent all subsectors, as shown to the right.

This section summarizes the results of the Trend Reporters Survey, and helps frame the aforementioned data in this report to help nonprofit practitioners put everything in perspective and apply it to practice.

<sup>6</sup> Data from Trend Reporters should be interpreted cautiously, as the sample size is small and not necessarily representative of San Diego nonprofit organizations.



HUMAN  
SERVICES



EDUCATION



ARTS &  
CULTURE



INTERNATIONAL



HEALTH



PUBLIC &  
MUTUAL BENEFIT



ENVIRONMENT



RELIGION



## ECONOMIC HEALTH IS IMPROVING

In Q4 2013, many Trend Reporters described the general economic health of their nonprofit organization as strong or very strong. Trend Reporters were more optimistic about the health of their own organization than they were about their subsector or the nonprofit sector as a whole. In general, Trend Reporters conveyed that funding remained steady across all revenue sources. They also discussed increasing capital expenditures, such as investment in facilities, and a renewed focus on building reserves and endowment.



*“The consensus in our circle is that things are getting better, that the economy is strong, running on all cylinders. This is increasing confidence.”*

## NONPROFITS ARE CONTINUING TO HIRE

The average number of job postings has risen steadily from a low of 95 in Q1 2012 to a high of 191 in Q3 2013. In 2013, a small sample of Trend Reporters (n=34) hired 345 full-time equivalent employees (FTEs) and 348 part-time employees, increasing the total wages paid between 2012 and 2013 by five percent. Additionally, Trend Reporters expect to hire at least 64 new FTEs in 2014, potentially increasing total wages paid by an additional \$1.1 to \$3.1 million dollars.<sup>7</sup>

## DEMAND FOR SERVICES IS SHIFTING

According to the SONP Index, it appears the severity of need experienced by many San Diegans at the height of the recession has abated somewhat, and is perhaps calibrating to a new normal. In contrast to the 2-1-1 San Diego data that show a decrease in demand for services for critical needs such as food and housing/shelter (see page 16), two-thirds (66%) of Trend Reporters said demand for services has moderately or greatly increased.

## PHILANTHROPIC LANDSCAPE IS CHANGING

Feedback from Trend Reporters reveals that there have been numerous changes to the philanthropic landscape over the last few years. First, philanthropic donors have become more focused on evaluation metrics and quantifiable results instead of anecdotal evidence. Second, individual donors, although giving at higher rates than a few years ago, are still cautious about long-term pledges. Third, nonprofits are experiencing an increased need to engage with donors via social media.

<sup>7</sup> This range is calculated using a low of \$9/hour (minimum wage) and a high of \$49,000 per year average annual nonprofit salary estimated by Simply Hired, Inc., as of May 18, 2014.



## REDESIGNING INTERNAL OPERATIONS

Trend Reporters observed nonprofits giving considerable attention to redesigning internal operations. While most nonprofits in San Diego may have already operated on slim margins, *“all nonprofits that are going to survive the ‘economic crisis’ that we are emerging from are learning how to be more efficient.”* This has included streamlining operations, investing in technology, developing new business strategies to complement existing fundraising plans, and re-evaluating strategic plans. The focus on internal operations is not a superficial solution, but rather a lasting change to how many of the nonprofits do business.



*“We are in a totally reorganizing mode with a wide variety of specific strategic initiatives in the works.”*



## FOCUSING ON STAFF DEVELOPMENT

Trend Reporters observed an increased focus on leadership and staff development. It was noted that nonprofits are finding new ways to develop talent from within, retain high-performing staff, and recruit high quality board leadership. Yet, this is not easy to do. Trend Reporters observe a high turnover in Development Directors in particular and, in general, note that it is *“increasingly more difficult to find good Board and professional talent.”*



## IMPROVING MEASUREMENT AND COMMUNICATION OF OUTCOMES

Many Trend Reporters have spent considerable time and money in the past year learning new techniques to evaluate and communicate impact. For one organization, this took the form of *“an impact evaluation of all of our programs. This included an evaluation on both fiscal and program performance, which provided important feedback on program focus and resource allocation.”* This trend appears to be driven largely by institutional funders and, as such, may prove critical to future funding. However, Trend Reporters also expressed concern that the cost of program evaluation is not always funded by those who want proof of results.



*“The focus on measurement and evaluation is especially strong among funders. Organizations that can figure out how to evaluate their programs in meaningful ways will outperform others.”*



### ENHANCING DONOR ENGAGEMENT THROUGH SOCIAL MEDIA

Amidst the internal restructuring, nonprofits are also experimenting with new ways to communicate with donors. Words like “creativity” and “innovation” were used with more frequency in 2013 than in the prior year, specifically in the context of programming, marketing and fundraising. In particular, social media is seen as the next frontier of meaningful donor engagement. Nonprofits are focusing on “*storytelling and innovative reporting*,” and looking for “*new and creative ways to better connect with and inspire donors and supporters*.” Some Trend Reporters have hired Public Relations firms to help with overall communication efforts, including social media. Others nonprofits are asking staff to translate program outcomes into meaningful donor engagement materials.



### ENGAGING IN MORE STRATEGIC COLLABORATION

For the past two and a half years, Trend Reporters have identified collaboration as a primary strategy for weathering the economic crisis. Collaboration has helped improve outcomes and reduce costs. In recent months, nonprofits appear to be reevaluating how they engage in collaboration. “*Collaboration is starting to look more strategic, moving beyond the opportunistic ‘get the funding’ and into a ‘get the outcomes’ mode*.” Furthermore, there appears to be a movement toward cross-sectoral collaboration.



***“We’ve seen a growing effort at cross-sectoral collaboration; nonprofits, businesses and government entities working together to achieve common goals.”***

***“In my small section of the nonprofit sector [social services for children and families], we are seeing a change in the way we work with children and families. The culture is shifting to understand that past trauma has dramatic and lasting effects that must be addressed in a more comprehensive and inclusive manner. This approach requires providers, funders and county representatives to have strong collaborations and ongoing dialogue. I believe this is reflective of a healthier system overall.”***



## CONCLUSION

**The nonprofit sector is operating in a dynamic, often turbulent environment.**

*Yet, the outlook for San Diego nonprofits is hopeful.*

With the economy on track for slow but steady improvement, nonprofits appear to be shifting from desperation (which characterized much of 2012) to redesigning their internal operations and seeking external cross-sector collaborative partners. By taking action – both proactively and reactively – nonprofit leaders and organizations can continue to enhance the overall economic and mission-focused capacity and impact of San Diego's nonprofit sector.



# Acknowledgements

The State of Nonprofits Quarterly Index throughout 2013 was made possible through the collaboration of 78 nonprofit organizations that serve as Trend Reporters. We are indebted to them for their willingness to share both the insights of their Executive Directors/CEOs and key data from the organizations.

## 2013 TREND REPORTERS

2-1-1 San Diego	Kids for Peace	San Diego Youth Services
Advancing Students Forward	Kids Included Together	San Diego Youth Symphony
AVID Center	Kids Korps USA	San Ysidro Education Vanguard Foundation
Boy Scouts of America	La Maestra Family Clinic, Inc.	Social Advocates for Youth San Diego, Inc.
California Center for Sustainable Energy	Legal Aid Society of San Diego	Special Olympics of Southern California
Casa de Amparo	MAAC Project	Stepping Stone San Diego
Casa Familiar	Make-a-Wish Foundation San Diego	Support the Enlisted Project
Catholic Charities	Metro United Methodist Urban Ministry	SURFAID
Christian Unified Schools of San Diego	Mingei International, Inc.	Survivors of Torture
Circulate San Diego	Nonprofit Management Solutions	The Aja Project
Community Interface Services	North County Lifeline	The Arc of San Diego
Consumer Advocates for RCFE Reform	Plant with Purpose	The Boys and Girls Clubs of San Dieguito
Developmental Services Continuum, Inc.	Playwrights Project	The New Children's Museum
Dreams for Change	Point Loma Nazarene University	United Way of San Diego County
Employment and Community Options	Rancho Coastal Humane Society	US-Mexico Border Philanthropy Partnership
Escondido Humane Society	Regional Task Force on the Homeless	USS Midway Museum
Feeding America San Diego	Reuben H. Fleet Science Center	Voices for Children
Francis Parker School	San Diego Archeology Center	Wakeland Housing and Development Corporation
Gerson Institute	San Diego Blood Bank	Walden Environment
Girl Scouts San Diego	San Diego Coastkeeper	WILDCOAST
Goodwill Industries of San Diego County	San Diego Council on Literacy	Women's Resource Center
Grid Alternatives	San Diego County Dental Society	YMCA of San Diego County
Home of Guiding Hands Corporation	San Diego Hunger Coalition	Young Audiences of San Diego
Home Start Inc.	San Diego Imperial Counties Developmental Services, Inc.	YWCA of San Diego County
I Love a Clean San Diego	San Diego Museum of Man	
Jewish Family Service of San Diego	San Diego Natural History Museum	
Jewish Federation of San Diego County	San Diego Opera Association	

For information about how to become a Trend Reporter, please visit [www.stateofnonprofits.org](http://www.stateofnonprofits.org).

## SPONSORS

This report and the State of Nonprofits Quarterly Index were made possible through the generous support of:





University of San Diego

SCHOOL OF LEADERSHIP AND EDUCATION SCIENCES

*Caster Family Center for Nonprofit and Philanthropic Research*

---

State of Nonprofits Quarterly Index can be found  
online at **[www.stateofnonprofits.org](http://www.stateofnonprofits.org)**